

Cook cabinet gives hydrogen green light

The state government's vision for economic growth and decarbonisation remains reliant on green hydrogen.



Woodside's Karratha gas plant is part of North West Shelf project. Photo: Woodside Energy



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CONSISTENT government policy and strategic direction are critical for attracting private investment and supporting new industries.

Premier Roger Cook's new cabinet team has signalled a clear intent to accelerate Western Australia's energy transition and support decarbonisation of our domestic economy and those of our major trading partners.

The addition of 'economic diversification, decarbonisation and manufacturing' to the already established energy portfolio in WA will put us on the path to achieving net zero and setting WA up as a renewable energy powerhouse.

The federal government also narrowed its focus on the clean energy transition, and playing to Australia's comparative advantages, with the passing of the Hydrogen Production Tax Incentive (HPTI).

The HPTI represents a once-in-a-generation opportunity to create a new high-tech industry for Australia and support the nation's energy transition.

The production tax credits of \$2 per kilogram for up to 10 years provides green hydrogen proponents the certainty needed to make long-term investments in this exciting but still nascent industry.

Government support is critical to getting industries like ours off the ground, and Australia has a long history of supporting the resources industry in the early phases of development.

In the 1960s, the iron ore sector boomed after intense (and ultimately successful) lobbying of the federal government by its WA counterpart to lift the commodity's export ban.

Significant government investment the 1980s enabled development of the North West Shelf gas project, including supporting the development of Karratha and the Dampier-to-Bunbury pipeline.

More recently, the state government's policies during Covid meant the iron ore industry could power through the pandemic.

The liquefied natural gas and iron ore sectors have repaid the WA government and the national economy for this support many times over.

Supported by policies such as the HPTI, green hydrogen projects including the Australian Renewable Energy Hub (AREH) in the Pilbara and the Western Green Energy Hub (WGEH) near Eucla on our southern coast can move forward. Once established, these projects will be among the biggest green hydrogen projects in the world.

The AREH will enable the establishment of a domestic green iron

industry by supplying green hydrogen to produce industrial products such as green iron and green steel.

This will form a critical part of Australia's future industrial base, especially in the face of a more volatile geopolitical and trade environment.

Maintaining this capability was one of the reasons the federal and South Australian governments were so quick to act and pledge support for the ongoing viability of the Whyalla steelworks recently.

The WGEH is set to become a nationally strategic e-fuels project driving the development of an e-fuels industry in Australia. Generating up to five million tonnes of green hydrogen a year at full capacity, the WGEH could produce significant quantities of green ammonia and sustainable aviation fuel to be a major contributor for global requirements.

This will be vital to Australia's strategic national interests and energy security, as well as providing a new high-demand export product.

Well planned, well executed and well supported mega-scale green hydrogen projects present an enormous opportunity in the race to achieving net zero and decarbonising hard-to-abate industries such as mining and heavy transport at scale. At the same time, a successful green hydrogen industry will help WA diversify its economy, creating enormous employment opportunities, driving investment and innovation and fostering economic growth opportunities for traditional owners and regional communities.

Policies such as the Future Made in Australia Act show the foresight necessary to support new and existing green industries. It's heartening to see governments willing to invest in the future, which ultimately makes more economic sense than having to spend money supporting and retraining workers and communities displaced from the fossil fuel or extractive-based industries when they inevitably decline.

The HPTI is a prime example of what's possible when government and industry work together.

These initiatives are a fantastic step forward, but there is still much to be done to build a sustainable, successful green hydrogen industry in Australia.

Alongside proactive policy and funding support, the shared vision between industry and government for WA to activate downstream processing, manufacturing and regional development opportunities is a prize that can be realised in the coming decade.

A future that is 'made in WA' can only be achieved by leveraging our enviable renewable energy resources and long-term capability to invest in our regions.

If we get it right, renewable hydrogen will provide so many more benefits than just energy.

• *Isaac Hinton is head of Australia at InterContinental Energy, which holds stakes in the Australian Renewable Energy Hub and the Western Green Energy Hub.*